

# Senate Study Bill 3119

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
JUDICIARY BILL BY  
CHAIRPERSON KREIMAN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act increasing the minimum amount of insurance required as  
2 proof of financial responsibility and providing effective and  
3 applicability dates.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 6017SC 82  
6 av/nh/5

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1 1 Section 1. Section 321A.1, subsection 11, Code 2007, is  
1 2 amended to read as follows:  
1 3 11. PROOF OF FINANCIAL RESPONSIBILITY. Proof of ability  
1 4 to respond in damages for liability, on account of accidents  
1 5 occurring subsequent to the effective date of the proof,  
1 6 arising out of the ownership, maintenance, or use of a motor  
1 7 vehicle, in amounts as follows: With respect to accidents  
1 8 occurring on or after January 1, 1981, and prior to January 1,  
1 9 1983, the amount of fifteen thousand dollars because of bodily  
1 10 injury to or death of one person in any one accident, and,  
1 11 subject to the limit for one person, the amount of thirty  
1 12 thousand dollars because of bodily injury to or death of two  
1 13 or more persons in any one accident, and the amount of ten  
1 14 thousand dollars because of injury to or destruction of  
1 15 property of others in any one accident; and with respect to  
1 16 accidents occurring on or after January 1, 1983 2009, the  
1 17 amount of ~~twenty~~ fifty thousand dollars because of bodily  
1 18 injury to or death of one person in any one accident, and,  
1 19 subject to the limit for one person, the amount of ~~forty one~~  
1 20 ~~hundred~~ thousand dollars because of bodily injury to or death  
1 21 of two or more persons in any one accident, and the amount of  
1 22 ~~fifteen~~ fifty thousand dollars because of injury to or  
1 23 destruction of property of others in any one accident.  
1 24 Sec. 2. Section 321A.5, subsection 3, Code 2007, is  
1 25 amended to read as follows:  
1 26 3. a. (1) A policy or bond is not effective under this  
1 27 section unless issued by an insurance company or surety  
1 28 company authorized to do business in this state, ~~except that,~~  
1 29 ~~However,~~ if the motor vehicle was not registered in this  
1 30 state, or was a motor vehicle ~~which that~~ was registered  
1 31 elsewhere than in this state ~~at on~~ the effective date of the  
1 32 policy or bond, or the most recent renewal thereof, the policy  
1 33 or bond is not effective under this section unless the  
1 34 insurance company or surety company if not authorized to do  
1 35 business in this state executes a power of attorney  
2 1 authorizing the department to accept service on its behalf of  
2 2 notice or process in any action upon the policy or bond  
2 3 arising out of the accident. ~~However, with respect to~~  
2 4 ~~accidents occurring on or after January 1, 1981, and before~~  
2 5 ~~January 1, 1983, every such policy or bond is subject, if the~~  
2 6 ~~accident has resulted in bodily injury or death, to a limit,~~  
2 7 ~~exclusive of interest and costs, of not less than fifteen~~  
2 8 ~~thousand dollars because of bodily injury to or death of one~~  
2 9 ~~person in any one accident and, subject to the limit for one~~  
2 10 ~~person, to a limit of not less than thirty thousand dollars~~  
2 11 ~~because of bodily injury to or death of two or more persons in~~  
2 12 ~~any one accident, and, if the accident has resulted in injury~~  
2 13 ~~to or destruction of property, to a limit of not less than ten~~  
2 14 ~~thousand dollars because of injury to or destruction of~~  
2 15 ~~property of others in any one accident; and with~~  
2 16 (2) With respect to accidents occurring on or after  
2 17 January 1, 1983 2009, every ~~such~~ policy or bond is subject, ~~if~~

2 18 to the following limits:

2 19 (a) If the accident has resulted in bodily injury or  
2 20 death, to a limit, exclusive of interest and costs, of not  
2 21 less than ~~twenty~~ fifty thousand dollars because of bodily  
2 22 injury to or death of one person in any one accident and,  
2 23 subject to the limit for one person, to a limit of not less  
2 24 than ~~forty~~ one hundred thousand dollars because of bodily  
2 25 injury to or death of two or more persons in any one accident,  
2 26 and, if,

2 27 (b) If the accident has resulted in injury to or  
2 28 destruction of property, to a limit of not less than ~~fifteen~~  
2 29 fifty thousand dollars because of injury to or destruction of  
2 30 property of others in any one accident.

2 31 b. Upon receipt of a report of a motor vehicle accident  
2 32 and information that an automobile liability policy or surety  
2 33 bond meeting the requirements of this chapter was in effect at  
2 34 the time of this accident covering liability for damages  
2 35 resulting from such accident, the department shall forward by  
3 1 regular mail to the insurance carrier or surety carrier which  
3 2 issued such policy or bond a copy of such information  
3 3 concerning insurance or bond coverage, and it shall be  
3 4 presumed that such policy or bond was in effect and provided  
3 5 coverage to both the operator and the owner of the motor  
3 6 vehicle involved in such accident unless the insurance carrier  
3 7 or surety carrier shall notify the department otherwise within  
3 8 fifteen days from the mailing of such information to such  
3 9 carrier; provided, however, that in the event the department  
3 10 shall later ascertain that erroneous information had been  
3 11 given the department in respect to the insurance or bond  
3 12 coverage of the operator or owner of a motor vehicle involved  
3 13 in such accident, the department shall take such action as the  
3 14 department is otherwise authorized to do under this chapter  
3 15 within sixty days after the receipt by the department of  
3 16 correct information with respect to such coverage.

3 17 Sec. 3. Section 321A.15, Code 2007, is amended to read as  
3 18 follows:

3 19 321A.15 PAYMENTS SUFFICIENT TO SATISFY REQUIREMENTS.

3 20 1. ~~a. Judgments referred to in this chapter and rendered~~  
3 21 ~~upon claims arising from accidents occurring on or after~~  
3 22 ~~January 1, 1981, and before January 1, 1983, shall, for the~~  
3 23 ~~purpose of this chapter only, be deemed satisfied when the~~  
3 24 ~~following occur:~~

3 25 (1) ~~When fifteen thousand dollars has been credited upon~~  
3 26 ~~any judgment or judgments rendered in excess of that amount~~  
3 27 ~~because of bodily injury to or death of one person as the~~  
3 28 ~~result of any one accident.~~

3 29 (2) ~~When, subject to the limit of fifteen thousand dollars~~  
3 30 ~~because of bodily injury to or death of one person, the sum of~~  
3 31 ~~thirty thousand dollars has been credited upon any judgment or~~  
3 32 ~~judgments rendered in excess of that amount because of bodily~~  
3 33 ~~injury to or death of two or more persons as the result of any~~  
3 34 ~~one accident.~~

3 35 (3) ~~When ten thousand dollars has been credited upon any~~  
4 1 ~~judgment or judgments rendered in excess of that amount~~  
4 2 ~~because of injury to or destruction of property of others as a~~  
4 3 ~~result of any one accident.~~

4 4 b. 1. Judgments referred to in this chapter and rendered  
4 5 upon claims arising from accidents occurring on or after  
4 6 January 1, ~~1983~~ 2009, shall, for the purpose of this chapter  
4 7 only, be deemed satisfied when the following occur:

4 8 (1) a. When ~~twenty~~ fifty thousand dollars has been  
4 9 credited upon any judgment or judgments rendered in excess of  
4 10 that amount because of bodily injury to or death of one person  
4 11 as the result of any one accident.

4 12 (2) b. When, subject to the limit of ~~twenty~~ fifty  
4 13 thousand dollars because of bodily injury to or death of one  
4 14 person, the sum of ~~forty~~ one hundred thousand dollars has been  
4 15 credited upon any judgment or judgments rendered in excess of  
4 16 that amount because of bodily injury to or death of two or  
4 17 more persons as the result of any one accident.

4 18 (3) c. When ~~fifteen~~ fifty thousand dollars has been  
4 19 credited upon any judgment or judgments rendered in excess of  
4 20 that amount because of injury to or destruction of property of  
4 21 others as a result of any one accident.

4 22 2. ~~Provided, however Notwithstanding the provisions of~~  
4 23 ~~subsection 1, payments made in settlements of any claims~~  
4 24 ~~because of bodily injury, death, or property damage arising~~  
4 25 ~~from a motor vehicle accident shall be credited in reduction~~  
4 26 ~~of the amounts provided for in this section.~~

4 27 Sec. 4. Section 321A.21, Code 2007, is  
4 28 amended to read as follows:

4 29 2. Such owner's policy of liability insurance shall do  
4 30 both of the following:  
4 31 a. ~~Shall designate~~ Designate by explicit description or by  
4 32 appropriate reference all motor vehicles with respect to which  
4 33 coverage is thereby to be granted ~~and~~.  
4 34 b. ~~Shall insure~~ Insure the person named in the policy and  
4 35 any other person, as insured, using the motor vehicles with  
5 1 the express or implied permission of the named insured,  
5 2 against loss from the liability imposed by law for damages  
5 3 arising out of the ownership, maintenance, or use of the motor  
5 4 vehicles within the United States of America or the Dominion  
5 5 of Canada, subject to limits exclusive of interest and costs,  
5 6 with respect to each such motor vehicle, as follows: With  
5 7 respect to all accidents which occur on or after January 1,  
5 8 ~~1981, and before January 1, 1983, fifteen thousand dollars~~  
5 9 ~~because of bodily injury to or death of one person in any one~~  
5 10 ~~accident and, subject to said limit for one person, thirty~~  
5 11 ~~thousand dollars because of bodily injury to or death of two~~  
5 12 ~~or more persons in any one accident, and ten thousand dollars~~  
5 13 ~~because of injury to or destruction of property of others in~~  
5 14 ~~any one accident; and with respect to all accidents which~~  
5 15 ~~occur on or after January 1, 1983~~ 2009, twenty fifty thousand  
5 16 dollars because of bodily injury to or death of one person in  
5 17 any one accident and, subject to said limit for one person,  
5 18 forty one hundred thousand dollars because of bodily injury to  
5 19 or death of two or more persons in any one accident, and  
5 20 fifteen fifty thousand dollars because of injury to or  
5 21 destruction of property of others in any one accident.  
5 22 Sec. 5. Section 321A.25, subsection 1, Code 2007, is  
5 23 amended to read as follows:  
5 24 1. Proof of financial responsibility may be evidenced by  
5 25 the statement of the treasurer of state that the person named  
5 26 in the statement has filed with the treasurer of state  
5 27 ~~fifty-five one hundred fifty~~ thousand dollars in the form of  
5 28 an endorsed certificate of deposit made payable jointly to the  
5 29 person and the treasurer of state. The certificate of deposit  
5 30 shall be obtained from an Iowa financial institution in the  
5 31 amount of ~~fifty-five one hundred fifty~~ thousand dollars plus  
5 32 any early withdrawal penalty fee. The treasurer of state  
5 33 shall promptly notify the director of transportation of the  
5 34 name and address of the person to whom the statement has been  
5 35 issued. Upon receipt of the notification, the director of  
6 1 transportation shall issue to the person a security insurance  
6 2 card for each motor vehicle registered in this state by the  
6 3 person. The security insurance card shall state the name and  
6 4 address of the person and the registration number of the motor  
6 5 vehicle for which the card is issued. The treasurer of state  
6 6 shall not accept a certificate of deposit and issue a  
6 7 statement for it and the department shall not accept the  
6 8 statement unless accompanied by evidence that there are no  
6 9 unsatisfied judgments of any character against the person in  
6 10 the county where the person resides.  
6 11 Sec. 6. EFFECTIVE AND APPLICABILITY DATES. This Act takes  
6 12 effect January 1, 2009. However, with respect to accidents  
6 13 occurring on or after January 1, 1981, but prior to January 1,  
6 14 2009, the amounts with respect to proof of financial  
6 15 responsibility as provided in chapter 321A, Code 2007, shall  
6 16 continue to apply.

#### 6 17 EXPLANATION

6 18 This bill increases the minimum amount of insurance a  
6 19 driver is required to carry under Code chapter 321A as proof  
6 20 of financial responsibility.  
6 21 Code chapter 321A provides for alternate methods of giving  
6 22 proof of financial responsibility: a certificate of insurance  
6 23 as provided in Code section 321A.19 or 321A.20, a bond as  
6 24 provided in Code section 321A.24, a certificate of deposit as  
6 25 provided in Code section 321A.25, and self-insurance under the  
6 26 provisions of Code section 321A.34. The bill also increases  
6 27 the statutory requirements for a bond in Code section 321A.5  
6 28 and for a certificate of deposit in Code section 321A.25.  
6 29 The bill takes effect on January 1, 2009. However, with  
6 30 respect to accidents occurring on or after January 1, 1981,  
6 31 but prior to January 1, 2009, the amounts necessary for proof  
6 32 of financial responsibility are as provided in Code chapter  
6 33 321A, Code 2007.  
6 34 LSB 6017SC 82  
6 35 av/nh/5.1